

17 more arrests on campus

Newest actions include clergy, bring total to 408

SAT MAY 4 1985

By Kathy O'Toole
The Tribune

BERKELEY — Seventeen people, including several local members of the clergy, were arrested here yesterday as part of a continuing protest over University of California investments.

Yesterday's citations for blocking a public sidewalk at University Hall brought the total number of arrests to 408 since UC-Berkeley students began a sit-in on the steps of Sproul Hall April 10.

Sixteen also were arrested yesterday in an anti-apartheid demonstration at the University of Kansas in Lawrence, where about 20 protesters remained in the lobby of the administration building last night, according to The Associated Press.

Most of the Berkeley arrests in the past week have been prearranged with police for a specific time and place — acts of civil disobedience designed to keep pressure on UC regents to sell all university holdings in companies doing business in South Africa.

Another form of pressure was advancing in the state Assembly, where key Democrats are attempting to freeze UC's \$150 million construction budget until the regents vote to divest.

The ways and means education subcommittee voted Wednesday to withhold the construction money, a tactic developed by Assemblymen Tom Bates of Oakland and Robert Campbell of Richmond. Campbell chairs the subcommittee.

Meanwhile, the head of the Alameda County District Attorney's Office in Berkeley has dropped charges against 20 UC protesters arrested April 16, 18 of whom are campus student senators.

Assistant District Attorney Jeff Horner gave no explanation for his action and did not respond to repeated telephone inquiries to his office.

University officials and court administrators said yesterday they didn't know why some charges were dropped, or if more will be.

SAT MAY 18 1985

By Barbara Lynne Harris
The Tribune

BERKELEY — After 39 days of anti-apartheid demonstrations on the University of California campus here, students mounted a spirited, but for many a disappointingly small, show of strength yesterday. It was aimed at pressuring UC regents into selling investments linked to racially segregated South Africa.

A group of no more than 1,000 protesters, far fewer than predicted, was thwarted in its plan to form a human blockade around the Lawrence Hall of Science, where the regents held a three-hour discussion on divestment.

Some of the 286 law enforcement officers from around the Eastbay who provided security outmaneuvered the students and set up a line three-deep to keep protesters from blocking the driveway where the regents' cars were parked.

There were a few brief skirmishes between police and protesters as the regents left safely. Gov. Deukmejian was flown out by state helicopter, and the others drove away.

12 arrests

Twelve people were arrested after the regents were gone, bringing the number of arrests since April 10 to 680. No one was injured.

The demonstrators dispersed quickly from Lawrence Hall, ending the event they had described as one of their biggest successes — pressuring the regents to officially discuss divestment for the first time since the protests began April 10.

Estimates of the crowd ranged from a low of 400 demonstrators by university officials to 700 to 1,000 by police and protesters. One possible reason for the turnout is that UC final exams ended Thursday, and many students were headed for home.

The protesters had predicted they would draw at least 5,000 people to stage a symbolic blockade of the regents, pressuring them further in the ongoing protest, which has put UC under a national spotlight in the widening divestment movement.

Despite the size of the turnout, the students, faculty and staff who have been organizing the protests contended that they had made their point, without violence and without a large number of arrests yesterday.

The protesters chanted, "The whole world is watching," as the regents hurried to their cars. The slogan symbolized what the protesters felt they have accomplished in five weeks of activism.

"Whether or not they want to, the regents have to make a clear decision about divestment," said Professor Charles Schwartz. "They have been placed in a very pivotal role by the students. All eyes are on them."

Nora Cody, a secretary at the Regional Oral History Office on campus and a member of the UC Divestment Coalition, agreed.

"Our goal was not to have large numbers of arrests," she said. "Our goal was to bring the message to the regents."

Some disappointment

Other students were disappointed about the small crowd and the unsuccessful blockade.

Since nobody was willing to be arrested, the day's protest won't have any impact, said Bob Newman, 42.

Other protesters, although disappointed, were buoyed by their accomplishments since the divestment movement took hold.

"The meeting that is going on inside today, the student forum and the kind of pointed questions the regents are asking is a recognition of the force of the movement," said sociology professor Todd Gitlin. "I think it's a good omen."

"There's no way to be disappointed because of the turnout," said senior Michael Green. "This has been on the front page for five weeks. This is just one small step. We're going to keep going."

Cody said protesters plan to pressure legislators in coming weeks to divest state pension money, and that they are working on plans for a strong showing when the regents vote on divestment on June 21.

After the Lawrence Hall

area cleared, about 400 students marched back down campus.

UC spokesman Tom Debl said a band of 150 seized the flag from the pole in front of California Hall, the campus administration building, and ran up an anti-apartheid banner up its place.

About 100 protesters marched to the Martin Luther King Jr. Student Union, occupying it for about 30 minutes before deciding to return to Sproul Hall, where they have maintained the divestment vigil since April 10.

Exhausted, about 50 of them remained on the steps late yesterday, attracting only passing interest from formally-dressed students and their parents attending graduation ceremonies.

Contributing to this story was Paul Grabowicz.

SAT MAY 18 1985

Regents will decide final policy at June 21 meeting

By Kathy O'Toole
The Tribune

BERKELEY — The University of California treasurer yesterday temporarily halted the flow of any more UC funds into the stocks and bonds of U.S. companies with South African ties.

Meanwhile, the UC regents, who govern the nation's largest public university, wrestled at a highly charged three-hour meeting with UC's controversial link to the racially segregated nation.

The issue was pressed upon them by the force of 38 days of anti-apartheid protests at UC's Berkeley campus.

The protesters, about 1,000 of whom listened to the meeting on loudspeakers outside the hall, want UC to sell off the \$2.4 billion that it has invested in U.S. firms doing business with South Africa.

Inside, 25 of the 28 prominent Californians who govern the nine-campus university listened intently to expert testimony on international politics, economics, morality and South Africa's system of apartheid.

All the subjects bear on the regents' planned June 21 vote on whether or not to divest, a decision that could have far-reaching consequences, no matter which way it goes, the experts said.

"Because of circumstances beyond your control, there no longer exists a neutral position with respect to UC divestment," Robert Price, an associate professor of political science at UC-Berkeley, advised the regents.

"Because of the size of UC's portfolio, special significance will be attributed to your actions (by South Africans and their government)," he said.

The regents include both political liberals and conservatives — the appointees of four successive governors. Among them were former U.S. Attor-

ney General William French Smith, Gov. George Deukmejian, Lt. Gov. Leo McCarthy, and Assembly Speaker Willie Brown.

Prior to the discussion, Regent Edward Carter announced that the UC treasurer had decided that, until the June 21 vote, UC would not buy any more stock in companies that have holdings in South Africa.

The restriction on UC's \$6.3 billion portfolio will have no financial impact on UC, according to Patricia Small, associate treasurer.

Only about 40 percent of the companies in which UC owns stock have South African holdings, she said. There are "sufficient investment opportunities . . . to meet our needs" in

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Protest at meeting is smaller than expected. A-8.

the short-term, she said.

In the long term, two financial experts told the board, the university may be able to divest without losing earnings on its endowment and pension funds. But from year to year, the funds' earnings would probably vary more than they do now.

After the meeting, UC President David Gardner credited the student protests with raising to an exceptional level the board's interest in the issue.

But earlier, Regent Carter, a 33-year veteran of the board and one of its most conservative members, appeared irritated with student demonstrators.

When another regent suggested a student representative be moved ahead of adults on the agenda, Carter said, "We've been listening to student views on this for weeks... I'd a hell of a lot rather know what (investment expert Peter Johnson) thinks than what some student thinks."

About 100 students, who filled the public section of the

audience, hissed and booed.

The civil disobedience and other forms of student protest, Gardner said after the meeting, were probably responsible for the unusually high attendance of regents, the meeting's unusual format, and "the amount of time and care with which (this issue) is being considered."

But clearly, he and other regents said, the board members' questions indicated that most are not ready to vote on divestment, even though the students had demanded a vote yesterday.

"A vote taken today, I don't think, would be (for) a significant change," said Lt. Gov. McCarthy, one of six regents who have publicly advocated full divestment. "By mid-June, however, I'm optimistic."

The regents have scheduled another special meeting, for June 10 in Los Angeles, to hear more public comment on the issue. They will hear public comment again on June 20 in San Francisco before voting June 21.

UC protesters charged

The Tribune SAT MAY 25 1985

Eight anti-apartheid protesters arrested May 17 at the Lawrence Hall of Science were charged yesterday with blocking a public roadway — a traffic infraction that carries a \$21 fine.

They were among 12 arrested as part of a demonstration outside a meeting of the University of California regents, who heard arguments in favor of UC divestment of its holdings in companies doing business in South Africa.

The four others, arrested for trespassing, will have their cases reviewed by the district attorney's office.

Meanwhile, it has been decided that 32 protesters ar-

rested April 16 at Sproul Hall on the UC campus will be divided into four groups for separate trials in Berkeley-Albany Municipal Court.

The 32 were among the first 159 arrested in the 43-day protest.

The first group of 10 is scheduled for trial Tuesday and the next group of 10 on Wednesday. A group of six is scheduled for trial Thursday and the final group of six set for trial June 3.

The trials are expected to last several weeks.

Some 600 others arrested in the campus demonstrations will not be prosecuted because their arrests were non-violent, the district attorney's office announced Tuesday.

Study putting divestment cost at \$100 million stirs UC row

TUE JUN 4 1985

By Barbara Lynne Harris
The Tribune

BERKELEY — A long-awaited report on the cost of selling University of California

investments tied to racially segregated South Africa sparked new controversy yesterday.

Opponents of full divestment

hailed the report as exhaustive and illuminating, while divestment supporters blasted it as inaccurate and biased.

The report, by treasurer Herbert M. Gordon and general counsel Donald L. Reidhaar, says that divestment of \$2.4 billion in stocks and bonds of American companies that do business in South Africa could cost UC's retirement and endowment funds \$100 million and result in long and possibly unwinnable legal challenges.

"The report makes the demand for divestment appear to be irrational, unfavorable and unfeasible," said Pedro Noguera, president of the student body on the Berkeley campus. "It ignores all evidence to the contrary."

Regent Joseph A. Moore disagreed. "It tells a lot (about) what people are doing and not doing."

Moore, who has not decided how he will vote on divestment later this month, added: "I was pleasantly surprised at how broad the study was."

The report, two volumes of nearly 1,000 pages weighing 5 1/2 pounds, was sent to regents during the weekend and made public yesterday.

It said UC divestment would cost \$21 million in brokerage commissions — 10 times more than the commissions the regents normally pay each year — and could cost another \$79 million because of the impact on stock prices and the higher

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cost of trading in smaller companies.

Associate treasurer Patricia Small said yesterday, however, that the cost isn't the most important factor.

"The main point with divestment . . . is the fact that you reduce (by) one-half your universe of investment opportunities. You eliminate 100 percent of the drug industry . . . and 80 percent of the auto, chemical, **hospital supply and computer** industries," she said.

Small said the remaining companies have half the market value of the ones UC invests in now, and generally are smaller, more volatile and more costly to trade.

UC has outperformed 75 percent of the professionally managed retirement systems and endowment funds in the country for the past 14 years, and with the limitations of full divestment, Small said it would be hard to keep its track record.

The nine-campus university system has been under pressure from factions of students and faculty, labor groups and state legislators to dump its investments in companies that do business in South Africa, in an effort to force the end of racial segregation there.

The report will be discussed at a public hearing at UCLA next Monday and is crucial to a vote on the issue June 20-21 in San Francisco.

The UC report also said that:

- Of the \$2.4 billion being eyed for divestment, only \$19 million is directly tied to South Africa, since U.S. corporations on an average have less than 1 percent of their assets in South Africa.

- The regents could not invest in 133 of the top-earning stocks in the Standard & Poor's 500 because of the companies' South African connections. Forty-three of the top 100 companies would be off limits to UC.

- If UC divests of all \$2.4 billion in holdings, it would be the largest divestiture in U.S. history. So far, a total of \$1 billion has been sold by 10 universities and five public trusts.

- The courts most likely would require the regents to use financial considerations — such as return on investment, safety and diversity — before social and ethical considerations in investing UC retirement funds.

"It is my view that the courts would continue to require that the primary considerations must be given to

traditional investment criteria," Reidhaar said.

He added, however, that on a case by case basis, where financial criteria of each company, a corporation's record as a "corporate citizen" and alternative investments are considered, the courts probably would allow divestment.

Assembly Speaker Willie Brown blasted the report, saying, it "does not include how the university ought to watch the possibility of instability in a particular government."

"That same treasurer would have said it's OK to invest in the shah's regime in Iran," Brown said.

"It stated the worst-case scenario, which will make it difficult to convince the other regents to vote for divestment," said Regent Yori Wada, who favors full, phased divestment.

Economics Professor Clair Brown said the report contained a number of errors and omissions. She said a group of university economists calculate, for instance, that the commissions on sales would amount to only \$6 million and were inflated by the treasurer by tacking on \$14 million it would cost to divest everything immediately.

UC divestment could torpedo stocks: FPPC

FRI JUN 14 1985

By Kathy O'Toole

The Tribune

The price of a share of IBM and other blue-chip stocks is likely to drop significantly if the University of California decides to sell its large holdings in 25 companies that do business in **South Africa**, says a new state report obtained by The Tribune.

The report also quotes national stock market experts who predict a "severe, possibly even devastating" effect on the price of blue-chip stocks if a nationwide movement to divest public pension funds begins to snowball.

The report, by the Fair Political Practices Commission, is the first clearcut opinion that divestment of UC's \$2.4 billion in South African-related holdings would have a significant impact on the stock of companies that do business **there**.

Staff members of the political watchdog agency based their conclusions on advice obtained from seven stock market experts. They then concluded that up to 10 of 28 UC regents could have a conflict of interest if they vote on divestment in San Francisco next Friday.

The opinion appears to bolster last week's report by the UC treasurer, who said divestment could have a cost of \$100 million, including some impact on stock prices. But it goes farther than the treasurer by predicting a widespread impact if other funds follow UC's divestment lead.

Likely to be as controversial as the treasurer's report, the FPPC's conclusions represent a two-edged sword for divestment advocates.

On the one hand, the conclusions tend to support the con-

tention that divesting is a way of pressuring American companies to pull out of South Africa. On the other, they say divestment will cost money for UC's employee pension and endowment funds.

The FPPC's experts differed from others who have said that divestment would have little impact because many of the companies involved are the nation's largest.

But they said that if divestment snowballs, the impact on the stock market grows.

At least 25 cities and seven states have already required their public pension funds to either fully or partially sell South Africa-related investments, and many others are considering it.

The San Jose City Council voted Tuesday to divest, and several bills before the Legislature would require divestment of California's two largest pension funds, which have South African-related holdings three times the size of UC's.

Because the analysts believe a UC sale alone would be large enough to affect market prices, the FPPC report concludes that any UC regent who is also a substantial shareholder in one of the affected companies should refrain from voting on divestment.

The opinion was prepared at the request of four Bay Area regents, UC President David Gardner, Robert Noyce, William Milliken and Joseph A. Moore Jr.

Although Gardner's stock holdings are small, the three others might have a "conflict of interest" as it is defined by the California Political Reform Act, according to FPPC.

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legal counsel Robert E. Leidigh.

The law, approved by voters in 1974, forbids a public official from taking any public action that would affect his or her pocketbook.

Leidigh's opinion will be submitted Monday to a vote of the FPPC. The commission could alter it, but usually endorses its staff's legal opinions.

If the financial impact on a regent is at least \$250, the regent would have to be disqualified, the report said.

"A regent owning 800 shares of IBM (as do Noyce and Milliken) could be expected to suffer a detriment of \$1,600" if the regents sell UC's 2.5 million shares of IBM, the report said.

The FPPC's seven experts include Chris McLellan, vice president of equity trading for Dean Witter Reynolds in San Francisco, and Stan Cobin, manager of trading correspondence and statistical services for the New York Stock Exchange.

The experts did not agree on how long the stock price would be lowered, and only one ventured a prediction of the specific per-share price drop.

Laszlo Birinyi, vice president and manager of equity market analysis for Salomon Brothers of New York, looked at nine stocks in UC's portfolio and predicted a drop ranging from \$1 per share for GTE to \$3 a share for Merck & Co.

This would be true for quick divestment, he said.

A few of them felt UC could periodically "slip" 50,000 shares or less "into the market on appropriate days and result in no displacement."

But all seven feared the snowballing effect, and it is that fear that has prompted San Francisco to move at "all deliberate speed" to sell its \$365 million in South African-related equities, according to Dewitt Bowman, chief investment officer for that city's pension fund.

The FPPC conclusion differed from a May 10 opinion of

Stock	Drop per share
Merck & Co.	\$3
IBM	\$2
Marsh McLennan	\$2
General Electric	\$1.50 to \$2
Coca-Cola	\$1.50
Hewlett-Packard	\$1.50
DuPont	\$1 to \$1.50
GTE	\$1
Am. Home Prods.	\$1

Source: Laszlo Birinyi, Salomon Brothers, N.Y.

UC's legal counsel and another by a UC faculty subcommittee of corporate finance and business scholars.

Legal Counsel Donald Reidhaar said that even if there was a "slight temporary downward pressure on the price of the securities ... any such effect would be minor and fleeting."

The faculty subcommittee said large sales often have a substantial effect on market price, but the professors thought it unlikely in this case because traders and the general public would know why UC was selling.

Divestment's moral aspect is complex

SUN JUN 16 1985

By Barbara Lynne Harris

The Tribune

For all their heated disagreement, proponents and opponents of divestiture from South Africa agree on one thing: **their position has behind it a moral imperative that has a claim on the consciences of University of California regents who will decide the issue this week.**

"There comes a time when investing in certain kinds of human conduct is intolerable," was the rallying cry of UC Faculty for Full Divestment in a petition urging the regents to divest.

"What ideals can we hold up to our students? Are we to give the message that profits . . . are more significant than principles?"

On the other side, those fighting divestment say it would be a hollow, symbolic gesture aimed at easing America's collective conscience, not ending racial segregation in South Africa. They argue that Americans, instead of standing aside, should seek to engage themselves more deeply with South Africa to end apartheid.

"To stand on the indignant principles . . . is a luxury that the vastness of American wealth could afford," said Mangosuthu Buthelezi, a black South African leader who wants more U.S. investment to build the economic power of blacks.

"But indulgence in that luxury for the sake of purity of conscience . . . would do no more than demonstrate the moral iniquity of a great nation," he said.

UC-Santa Cruz history professor John A. Marcum, who believes UC should selectively divest, said the only real measure of whether divestment is morally right or wrong is what its impact would be.

"We have long transferred our technology to South Africa," Marcum said. "We have been a party to what exists now. Wiping your hands and walking away is not a moral act."

"You've got to ask that key question: if the effect or the probable effect of divestment will help black emancipation," he said.

On that subject, he conceded, there is an honest — and often heated — debate.

Anti-divestment forces say the only leverage that institutions like UC have to help end apartheid is by owning stock in U.S. corporations operating in South Africa and forcing those companies to provide jobs and education for blacks inside the work place while pressuring the South African government to abandon apartheid altogether.

Buthelezi, the loudest black African critic of divestment, contends that only the black employees of U.S. corporations would be hurt by divestment. Their jobs and any hope for training and advancement, better pay and an economic stake in the country would be dashed, he said.

DIVESTMENT



Divestment's backers, however, point out that the same argument was made about freeing black slaves working on plantations in the South before the Civil War.

"In a sense there is no amount of corporate reform or exhortation to change that will undo the fact that American corporations are part of the system," declared UCLA African history Professor Edward Alpers.

He believes that complete withdrawal of U.S. support is the only way to pressure the 4 million white South Africans into negotiating an end to apartheid with the country's 23 million blacks.

"By their taxes, the products they manufacture, by their very presence there, American corporations support the system."

Part-way measures

Marcum disagrees, contending that some companies' business interests in South Africa are intrinsically damaging, but others might help improve the lot of blacks.

Marcum said the regents should unload the university's stock in computer and software companies, automotive and communications equipment manufacturers and banks. The products and services of such companies are used to implement and enforce apartheid.

"We feel that selective divestment is ethical and effective, in that it would reduce the support for apartheid," he said. In the meantime, companies that continue to do business there would be expected to "act as a catalyst" for change in that country.

The private sector has to prevail on the government to change. If it doesn't change, free enterprise in that country is doomed anyway," Marcum said. "Violence and extremist activities will wipe it out."

Signs of light

Marcum believes that despite the more coercive behavior of the government over the past few years, the South African government is beginning to realize it cannot maintain a modern economy with only the white race participating fully.

Opponents of divestment agree, pointing to the growth of the black trade union movement — started in U.S. plants there — and improvements in education and other areas as evidence that U.S. values are taking hold.

Alpers said that more than

The regents' options

■ **IMMEDIATE, FULL DIVESTMENT.** The goal of the protest movement, this option would require capital sale by UC of the \$2.4 billion in stocks and bonds of 22 U.S. companies that do business in South Africa.

■ **SELECTIVE DIVESTMENT.** Under various plans ofterred by the regents, UC would sell some of its South African-related holdings. This proposal assumes divestment should be aimed primarily at companies that accrue contribute products, such as computers and weapons, and money that help maintain apartheid.

■ **SULLIVAN PRINCIPLES.** One option urged by moderates is to divest of companies that have not signed the Guidelines for fair employment and equal pay for South African workers that were authored by the Rev. Leon Sullivan of Philadelphia. Another is to divest of all who have not received a top rating for compliance with the Sullivan Principles from an independent auditor.

Either would be relatively painless for UC because all but three of the companies in its portfolio have signed the Principles and 97 percent have received a high rating.

■ **FULL, PHASED DIVESTMENT.** Although the number of years varies, such plans are generally supported by divestment proponents. One such plan, offered by the 2,800-member UC Faculty for Full Divestment, calls for a combination of divestment and political action to pressure the South African government into ending apartheid.

The plan provides that if apartheid isn't abandoned after two years, UC would divest fully over the next three years.

■ **CASE BY CASE APPROACH.** This approach, deemed by UC lawyers as perhaps the only legally defensible option, would sell stocks one at a time, based on criteria that include social responsibility of individual corporations, alternative investments offering equal return and risk, and the regents' fiduciary responsibility.

■ **RETAIN CURRENT POLICY.** UC's investment policy is to combine long- and short-term and equity holdings in proportions that vary according to economic conditions. It calls for high rates of return, diversity and reasonable risk for the benefit of the pension-endowment funds. Corporate responsibility can be considered in choosing investments, but only in tandem with financial considerations.

anything, the South African government fears isolation from the West and is spending millions of dollars to fight the divestment movement in the United States.

"All of these kinds of external pressure are ways of saying 'It's in your interest to negotiate a situation where there can be free elections,'" he said.

Marcum, however, said isolation "might be effective but also impractical" partly because there is no support for it among the European or Japanese companies that provide the bulk of foreign investment in South Africa.

"A single blow might have a quick shock effect, but then you've lost the only lever you can use," Marcum said. "Sustained engagement is the issue, using every lever that you've

got."

Anti-divestment groups argue that because of the relatively small U.S. investment, divestment would have little impact and might even force the threatened white minority to tighten its control over blacks.

"If isolated from the rest of the world, it would no longer have anyone to answer to in its refusal to change," a report by the UC treasurer says.

"We should not exaggerate our own importance, nor should we minimize it either," Marcum said.

"I wouldn't want you to think this will necessarily produce a happy ending. It gets down to existential act. You assist developments you think can have a positive effect. You do your level best to have a positive influence."

Political

finances,

values clash

SUN JUN 16 1985

UC trustees weigh beliefs against their trust duties

By Kathy O'Toole

The Tribune

Stanley Sheinbaum's resume strongly suggests he will vote Friday to cut the University of California's ties to apartheid in South Africa

The wealthy southern California financier has devoted much of his 65 years to peace and human rights causes. He also voted for divestment eight years ago when the majority of his colleagues on the UC Board of Regents voted against selling the university's holdings in companies that operate in the world's only country where law restricts human rights on the basis of race.

'Sitting on the fence'

But Sheinbaum, according to several friends, has voraciously researched and rethought the divestment issue since 1977. He is now one of several members of the 28-member board who are "sitting on the fence" — caught between conflicting moral values.

Sheinbaum is one of 13 regents appointed by former Gov. Jerry Brown, who advocated divestment when he was a regent. Along with two pro-divestment Democrats who are on the current board by virtue of their positions as lieutenant governor and speaker of the Assembly, those Democrats could out-vote the Republicans on the board next week in San Francisco.

But no one is certain that either camp will stick to party lines on this vote. Unlike elected officials in the Legislature, the regents have to weigh their moral feelings on apartheid against their moral and legal commitments to those whose money they manage — the university and its employees.

Doubt about divestment

Indeed, it is some of the Brown appointees — Sheinbaum, Vilma Martinez, Yvonne Brathwaite Burke and Jeremiah Hallisey — who have publicly expressed the most doubt about their moral or legal right to risk divestment.

Sheinbaum, who was concerned enough about the issue to make a one-day trip home from Europe to attend last week's public hearing on the issue, says he abhors apartheid. He further believes the United States is in-

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directly helping South Africa keep its black citizens in a form of slavery.

But he also says he's become concerned that the only thing the regents can do about it is "take the savings of a small group of people and use that as leverage."

This small group of people — the university's 98,000 employees, its retired workers or their heirs — ordinarily have the right to make their own moral decisions. But in this case they have turned the responsibility over to legal trustees — the regents.

And, unlike most other public employees who have retirement funds in trust, these employees have no direct access to the taxpayers' purse should it turn out that divestment results in trust fund losses, as some financial experts have predicted.

"If there's a loss, that will come out of the beneficiaries' (pocket) at some point," Sheinbaum says.

"You hear about other universities divesting, but they are (divesting) endowment funds, not pension funds. In the case of pensions, you have a different question."

UC has about \$6.3 billion of investments, and all but about \$500 million are set aside for employees in retirement or supplemental retirement funds.

UC currently counts on earning an 8 percent compounded interest rate on the pension funds — an earnings rate that some say might change if UC decides to sell and reinvest roughly \$2.4 billion worth of bonds or stocks of companies who have operations in South Africa.

In San Francisco, the voters last year directed that city's pension fund trustees to divest of South African-connected stocks and bonds. The trustees are doing that knowing that if a time comes when the fund doesn't have the assets to cover its commitments, the people who made the divestment decision — the local taxpayers — will have to make up the difference.

The regents cannot be that certain any future pension-fund shortages will be picked up by taxpayers, for they have no taxing authority.

The Legislature and governor set the nine-campus university's budget. In the past two decades, both had a tendency to trim it below the maintenance-plus-inflation level.

The regents do, however, have a legal obligation to pay their employees set pension benefits and couldn't directly put the potential burden of divestment on the backs of beneficiaries.

If a shortfall occurs, says Donald Reidhaar, the university's legal counsel, the university would be faced with asking the Legislature for more funds for pensions, negotiating smaller benefits or higher contribution rates for new employees, or cutting back on other university programs, which usually means fewer jobs.

Some economists and investment experts predict there will be no loss in earnings from divestment.

But if some beneficiary later can convince the courts differently, Reidhaar says, the regents as individuals might be held liable for any losses attributed to the divestment decision.

Under charitable trust laws, he says, they have a fiduciary responsibility to be "prudent" investors, exercising the same degree of skill and caution as investors of other private trust funds.

"I'm a lawyer — I'm not afraid of lawsuits," Vilma Martinez, chair of the regents, said

"But this is not my money. I have no business being a member of the board if I'm not willing to take on a fiduciary responsibility."

Reidhaar's advice on the subject has been far too constraining, divestment advocates argue.

The regents are the appointed board of directors for a public university, not just a pension trust, and therefore have an overriding obligation to the public interest and the university's goals, they have argued.

They also point out that UC's retirement fund is much better funded than most public pension funds and there is no imminent danger that it will not have the cash to pay out obligations.

It is better funded because the regents know they can't raise taxes in an emergency and because many of them are from private industry, says Jim Moore, a principal in Towers, Perrin Forster & Crosby, the actuarial firm that annually checks the health of the fund.

Under federal law, trustees of private pension funds are expected to keep their funds actuarially sound.

UC regents' divestment vote is due tomorrow

THU JUN 20 1985

The Tribune

SAN FRANCISCO — The University of California regents will meet here today and tomorrow to hear final public comments about whether the nine-campus system should sell its \$2.4 billion worth of investments in companies doing business with South Africa.

The sessions at the UC Extension Center are scheduled to end tomorrow morning when the 28-member board votes on the future of UC's controversial investments.

In the past several months, protests have been staged at university and college campuses around California by students and others who contend that withdrawal of U.S. companies from South Africa would be an effective way to press for improved conditions for blacks there.

Yesterday in Berkeley, nine more protesters who tried to get into UC President David Gard-

ner's office were arrested, while 15 were cited at the San Francisco office of International Business Machines Corp., which does business in South Africa.

Both groups called for an end to South Africa business ties.

The Berkeley demonstrators also demanded that Gardner seek to have charges dropped against 32 other protesters currently facing trial in Berkeley Municipal Court.

UC spokesman Ronald Kolb said the group, including one woman in a wheelchair, was able to make its way undetected to Gardner's seventh floor office at University Hall.

After failing to gain entrance to Gardner's office they moved to an adjacent office and hung a banner with a picture of deceased South African patriot Steven Biko from the window.

Eight were taken to the county jail at Santa Rita, while the wheelchair protester was cited for trespassing and released.

UC urged to keep lab ties

FR | SEP 20 1985

Panel's recommendation
goes to regents today

South Africa Divestment
By ~~Barbara Lynne Harris~~
~~The Tribune of California~~

LOS ANGELES — After hearing nine speakers tell the University of California Board of Regents why it should sever its ties with the nation's nuclear weapons laboratories, a committee of the regents voted easily and predictably yesterday to do the opposite.

In a 10-2 vote, the Committee on Laboratory Oversight followed a recommendation by UC President David P. Gardner to open negotiations with the U.S. Department of Energy on a contract that would keep the labs under UC's wing until 1992.

The current five-year contract under which the university runs the Los Alamos and Livermore National Laboratories expires in 1987.

Another committee of the regents voted yesterday to recommend that the full board establish a South Africa-free investment portfolio for employees who do not want their supplemental retirement funds to be invested in companies that do business in racially segregated South Africa.

The final votes on both of these issues come today when the full board meets for the second day on the UCLA campus.

Only two regents on the lab oversight committee, Stanley Sheinbaum and Janice Eberly, opposed renewing the contract to manage the labs, which have developed every nuclear warhead in the nation's arsenal and have been run by UC since the atomic bomb was invented under the Manhattan Project at Los Alamos during World War II.

Speakers from groups like the Southern California Federation of Scientists, Bilateral Nuclear Freeze Initiative, Concerned Faculty of UCLA and others testified that UC's management is immoral, conflicts with the university's primary goal of education and has made the university an accomplice in the growing worldwide threat of nuclear annihilation.

A 20-year member of UC's faculty, Robert Hethmon, said it would be a "colossal failure" if the regents renew the contract, driving already-disillusioned students "further toward fear, apathy, cynicism and despair."

The Rev. Al Cohen, representing clergy and laity here, agreed.

"The mantle of the University of California continues to provide an aura of disinterested scientific research and self-interested government projects producing hardware for the arms race," he said.

He said freedom of inquiry, open discussion and humane values are casualties of the labs' work. Critics again raised questions about lab officials' roles in influencing national defense policy by "lobbying" against a comprehensive test ban treaty and in

favor of the Strategic Defense Initiative, better known as the "Star Wars" defense proposal.

Livermore lab Associate Director James Kahn denied there is any lobbying.

"The laboratory does not make it a policy of going out selling a system," he said, but rather, responds to requests from the president and Congress for opinions and information.

The university's administration, on the other hand, argued that the affiliation gives students and faculty members access to state-of-the-art equipment and some of the brightest minds in science, a benefit which Gardner said he would like to cash in on.

On another controversial issue, the regents' Subcommittee on Employee Benefit and Retirement Programs approved the Calvert Social Investment Managed Growth Fund for university faculty and staff members who do not want their retirement money invested in companies that do business in South Africa.

If the fund is approved by the full board, UC employees who voluntarily contribute part of their paychecks to a tax-deferred annuity account for their retirement can ask the university to place their money in the Calvert Group's fund.

The fund is being established

under a provision of Gardner's alternative to divestment of all stocks and bonds of companies that operate in South Africa.

The \$2.4 billion in retirement and endowment money that the regents manage for UC employees is not affected.

But under state law, the university must give employees a choice of how the funds in voluntary tax-deferred annuity accounts are invested.

Last spring, 1,000 protesters on all UC campuses were arrested trying to convince the university that it should divest of South Africa-related investments in protest of that government's policy of racial segregation.

However, a case-by-case review of UC investments was approved on Gardner's recommendation, along with the establish-

ment of a fund such as the Calvert fund.

Several regents expressed grave concerns about the fund, which is termed a "socially responsible" mutual fund because it does not invest in companies linked to South Africa or those involved in productions of alcohol, tobacco or weapons.

The regents' Investments Committee headed by Edward W. Carter will consider divestment for the second time in three months at today's meeting the request of state Assembly Speaker Willie Brown, D-San Francisco.

Brown asked that the matter go before the board again because of the deterioration of the racial relations in South Africa.

The regents rejected divestment in June.

SAT SEP 21 1985

Brown relents on UC's South Africa policies

By Barbara Lynne Harris

The Tribune

LOS ANGELES — Assembly Speaker Willie Brown abandoned plans to have the Board of Regents of the University of California reconsider its South Africa investment policies yesterday, calling instead for the regents' Investment Committee to take up the matter behind closed doors.

Reversing his position earlier this week, Brown said he favored a closed-door session "because there are things we can say and should say that would give us an opportunity for better candor and give us an opportunity to bring our own personal expertise, if any, to bear on evaluating whether or not we think we should stay in a particular company."

Brown had asked UC President David P. Gardner to put the divestment issue on yesterday's agenda because of the deteriorating civil and financial conditions in South Africa.

Gardner originally scheduled the matter for a closed session yesterday because discussions about specific companies in which UC has investments must be taken up privately under the university's bylaws.

Brown publicly lambasted Gardner last Monday for closing the discussion to the public and

the full board, saying he wanted to talk about the general situation, not particular companies.

But, after a report by UC Treasurer Herbert M. Gordon yesterday, Brown relented.

Brown said he wanted time to study the report Gordon presented yesterday.

Brown was the author of a proposal in June urging the regents to sell university holdings linked to South Africa. It was rejected by the conservative board in favor of a case-by-case review of the behavior of companies in UC's investment portfolio.

In other business, the regents approved:

- Hiring VBN Corp. of Oakland as architect to design its \$11.7 million addition to and renovation of University Hall, the headquarters for the nine-campus system;

- Naming the Calvert Social Investment Managed Growth Fund as the South Africa-free mutual fund in which UC staff and faculty members can invest their tax-deferred retirement funds if they want to avoid companies with South African ties;

- The design of a 23-megawatt co-generation plant on the Berkeley campus.

Boesak free on bail, A-3.

UC faculty Senate urges divestment

WED OCT 2 1985

By Barbara Lynne Harris

The Tribune

The Berkeley Division of the Academic Senate yesterday overwhelmingly passed a resolution urging the University of California to divest of holdings in companies that do business in racially segregated South Africa.) *divestment - SF Bay Area*

By a vote of 98-3, with three absences, the Senate asked the UC Board of Regents to set aside its decision of June 21 not to divest and reconsider the issue at the regents' Oct. 17-18 meeting in San Francisco. The Senate also demanded the regents sell immediately all holdings in companies that help the South African government maintain its policy of apartheid.

Sociology Professor Todd Gitlin said UC's holdings in at least four corporations would be affected immediately: General Motors Corp., which makes chassis for military vehicles; Caterpillar Co., whose heavy equipment, Gitlin said, is used to destroy black townships; and International Business Machines Corp. and Hewlett-Packard Co., which Gitlin said sell computers to middlemen who sell them to the government. The computers, he said, are used to maintain the passbook system, which regulates where different races can live.

The Senate, which often has difficulty getting a quorum of 50 of its 1,500 members for a meeting, was packed by members of the UC Faculty for Full Divestment, which organized faculty protests against UC's investment policies last spring and sponsored yesterday's resolution.

Calling the South African system of racial segregation the most oppressive in the world, architecture Professor Kenneth Simmons urged UC faculty members to take a stand. He cited the increase in violence against black South Africans this summer as evidence that President Pieter Botha's regime had no intention of ending apartheid and granting "one-person, one-vote under a unitary system."

In June, the regents rejected a proposal by Assembly Speaker Willie Brown that the university sell its holdings in American companies that do business in South Africa.

John Polt, a professor of Spanish and Portuguese, offered an amendment to the resolution that would have stated that the faculty is opposed to all oppression, arguing that there are many "obnoxious" regimes in the world, and the faculty should open the door for other UC holdings to be reviewed.

Polt's resolution was resoundingly rejected.

138 arrested at UC divestment protest

THU NOV 7 1985

By Barbara Lynne Harris

The Tribune

BERKELEY — One-hundred thirty-eight people were arrested last night in a sit-down demonstration in the University of California's Sproul Hall in protest of the university's refusal to disinvest in companies that operate in South Africa.

Those who were arrested went quietly. One-hundred four of them are UC students, the largest proportion of students in any anti-apartheid protest at UC this year.

"We have been told that this is an illegal protest," said UC Student Body President Pedro Noguera last night. "As an elected official, I'd like to declare that this protest is in keeping with the educational mission of this university. It is a legal protest."

His remarks brought an ovation from the protesters.

SFBay Area

They were arrested on charges of trespass in a public building when it is closed, and are to be arraigned in Berkeley-Albany Municipal Court on Nov. 21.

The sit-down demonstration in the long corridor at Sproul began at noon yesterday and was ended by UC police at 9 p.m.

Yesterday's demonstration followed a torchlight march through Berkeley and the UC campus on Tuesday during which President Reagan and UC President David P. Gardner were burned in effigy on the Sproul steps.

Attorney Stan Dewey, who has represented many anti-apartheid protesters in municipal court, said last night the demonstration is educational event that ought to be "cultivated and encouraged" by the university.

Dewey was the second person arrested at Sproul.

Unlike most of the anti-apartheid demonstrations last spring, the sit-in was organized by several of the minority student groups on campus and most of the participants were non-white students, organizers pointed out.

"Take a look in there," said Howie Pinderhughes, a graduate student and a member of United People of Color. "Most of the faces you see are black and brown, Asian and Chicano.

"That wasn't the case last year," he continued. "This action is the biggest mobilization of minority students since the movement began."

Pinderhughes said that since the spring quarter, when 800 students were arrested during nearly two months of protests, minority student groups have been doing

See PROTEST, Page B-3

Continued from Page B-1

grass-roots organizing in an effort to convince the university to divest itself of \$2.4 billion in stocks and bonds of companies that do business in South Africa.

In a vote last June, the UC Board of Regents rejected demands for divestment and opted instead to study the conduct of each company in its portfolio linked to South Africa.

Still, students say they are not disheartened.

"I think that to get the regents to divest, we (the protesters) are going to have to shut the university down," said Eric Nakano, "or at least make a movement that is strong enough and big enough that the regents know we can shut the university down."

The protesters were joined by 15 Jefferson Elementary School students, kindergarten through third grade, who were on a field trip yesterday to hear speakers at a rally in support of Native

Americans.

"My mama said I should do this because people have dark skin, they should be allowed to be able to vote or have a living the way other people do," said 7-year-old Nina Fallenbaun.

Kyla Cleary, also 7, agreed. "White people won't give black people in South Africa the money when they work, and they (blacks in South Africa) won't be able to live."

SAT NOV 16 1985

UC to halt investments in firm with poor apartheid record

By Barbara Lynne Harris
The Tribune

LOS ANGELES — University of California Board of Regents will not purchase additional stock in the Nalco Chemical Co. until the company demonstrates that it is working to promote racial equality and to end apartheid in South Africa, the regents' Committee on Investments agreed yesterday. **DIVESTMENT**

The action is the first to be taken under a new UC investment policy on companies that do business in South Africa.

Two other, unidentified companies also have been put on notice that "appropriate action" would be taken unless improvements are made.

The investment policy, adopted by the regents in June, established the University Advisory Committee for Investor Responsibility to review the conduct of each company in which UC invests. The committee is charged with making recommendations to the board on whether to continue holding stock in companies that don't meet the university's standards of corporate conduct.

Of UC's \$6.3 billion investment portfolio, \$2.4 billion is invested in companies with links to South Africa.

It owns \$37 million in Nalco Chemical stock.

Nalco officials could not be

reached for comment yesterday.

UCLA Chancellor Charles Young, who heads the advisory committee, said the action was recommended by committee members because Nalco has not complied fully with the Sullivan Principles, a code of conduct that requires companies to provide equal pay and job opportunities to black workers and to work for an end to the apartheid laws which deny 22 million black residents citizenship, the right to vote, to live and work where they chose, to speak freely, congregate and other basic freedoms.

Young said Nalco has made some progress toward compliance with the guidelines, and was given a year to improve performance. He said the committee would recommend the regents take "appropriate action" if the company fails to comply but he declined to state what action is contemplated.

Nalco has a year to improve its performance, Young said.

Apartheid protesters who said the investment committee's actions didn't go far enough, disrupted the meeting, shouting at regents and demanding to be heard. When the regents voted not to allow them to address the board, the ruckus got so loud, the protesters were told to leave the room. They left peacefully and

no one was arrested.

Frances Hasso, undergraduate representative on the advisory committee, said it has been "railroaded into using the Sullivan Principles" as the standard of conduct instead of looking at other actions that might contribute to the maintenance of apartheid.

"This is piecemeal," Hasso said. "It tells me that they aren't serious about divestment."

Young said a review based on the companies' compliance with Sullivan Principles is only the first step, and other standards including whether companies sell products used by the government to maintain apartheid, probably would be used in later evaluations.

Hasso said the regents have 10 weeks to decide how to respond to the other two companies that have not signed the Sullivan Principles.